



West Yorkshire Fire & Rescue Authority

Four Year Efficiency Plan

2016 - 2020

EFFICIENCY STATEMENTS

Purpose

The Authority is submitting its Medium Term Financial Plan (MTFP) with a view to securing the four year finance settlement offered by the Government as part of the Local Government Finance Settlement in February 2016. This settlement shows there will be further grant loss of £7.9m by 2019/2020 which will bring the total reduction in grant to £25m by 2019/2020.

When this additional grant loss is factored in to the MTFP it is forecast that the Authority will have to deliver further efficiency savings of £12.5m by 2019/2020.

The Authority has taken a strategic approach to delivering efficiency savings choosing to restructure the way the service is delivered through major capital investment which deliver long term revenue savings. This restructure has been underpinned by a risk based integrated risk management plan using externally verified risk data modelling.

By 2020 the Authority will have replaced 15 outdated fire stations with 9 state of the art stations which are placed in the areas where they can deliver the best service to the public. The first 6 stations, already completed, are delivering annual savings £13.5m in revenue costs and the completion of the final three builds over the next 3 years will deliver further annual savings of around £2.7m.

In addition to this, the Authority delivered further efficiencies through changes in shift patterns, the introduction of new modern fire appliances and a fundamental review of its support services.

The restructure of the service has is linked to the retirement profile of the Authority which has seen a suspension in recruitment of whole-time firefighters since 2009 which will deliver an overall reduction in the whole time fire-fighter establishment from 1400 in 2009 to 900 by 2019/2020, an annual saving of £20m in salary costs.

Over the last four years, through prudent financial management, the Authority has underspent its revenue budget which has enabled it to build its revenue balances. It is planned to make use of £10m of these balances to offset savings in 2017/2018- 2019/2020 and fund the reintroduction of recruitment in 2017/2018, which is two years earlier than originally planned. The Authority has always worked closely with colleagues from other public sector bodies and the voluntary sector and will continue to do so in the future. Included in the document are details of a number of initiatives to take this joint working forward. Finally, the Authority continues to look for further efficiency savings through reviewing service support and better procurement.

Efficiency plans 2016/2017 – 2019/2020

The following is an extract from the Draft efficiency plan submitted to the Home Office including details of the assumptions that have been used in the forecast.

Efficiency Plan Funding and Budget Assumptions 16/17 - 19/20					
Fire and Rescue Authority	14/09/2016 08:55				
(i) Funding Assumptions	2015-16	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assesment £000					
Baseline Funding - Business Rates / Top Up	£22,460	£22,638	£23,083	£23,764	£24,524
RSG	£23,399	£20,497	£16,751	£14,670	£13,339
Settlement Funding Assessment Total	£45,859	£43,135	£39,834	£38,434	£37,863
Adjustment for Local Business Rate share (NNDR1) to DCLG Figure	-£41	-£522	-£530	-£530	-£530
Council Tax Forecast £000					
Band D Council Tax (£)	£35,438	£35,438	£36,900	£38,004	£39,141
Actual / Assumed Council Tax base increase on previous year (£)	£0	£741	£362	£373	£384
Yearly Council Tax Precept Increase (£)	£0	£721	£742	£764	£787
Collection Fund (council tax & business rates) (£)	£0	£469	£0	£0	£0
Estimated Total Council Tax Income	£35,438	£37,369	£38,004	£39,141	£40,312
Council Tax Band D Precept Increase (%)		1.99	1.99	1.99	1.99
Growth in Council Tax Base Yield to Previous Year (%)		2.09	1.00	1.00	1.00
TOTAL	£81,256	£79,982	£77,308	£77,045	£77,645

National Funding Assumptions

The MTFP has been prepared on the basis that the Authority submits the required efficiency plan and secures the four year settlement as provided by Government. This will deliver an overall loss of grant of £7.9m by 2019/2020.

Section 31 Grants

The Authority currently receives £1.4m per annum in Section 31 grant from central government to fund fire-link and new dimension assets.

Firelink £423k, this grant is guaranteed until the introduction of ESMCP in 2020

New Dimensions £990k, this grant has been under pressure for a number of years and was subject to a 10% cut in 2015/2016. It is unlikely this grant will remain untouched nationally for the remainder of the spending review period. The MTFP assumes there will be grant reductions in 2017/2018 and 2018/2019.

Precept Income

The level of precept income is dependent upon 2 factors the tax base and the precept increase.

Tax base over recent years the tax base has grown between 1% and 2% each year. In order to be prudent it has been assumed that growth will be 1% for the next three years. This takes account of the likely downturn in the housing market following the decision to leave the EEC.

Council Tax Precept The MTFP assumes a precept increase of 1.99% per year for the four year period which is the maximum allowed without requiring a referendum.

(ii) Budget Assumptions		2015-16	2016-17	2017-18	2018-19	2019-20
Employee Cost Pressures (£'000)						
<i>Pay Award</i>				£603	£609	£616
<i>Apprentice levy</i>				£250	£250	£250
<i>Apprentic costs</i>				£300	£600	£600
<i>Ill health pensions</i>				£83	£84	£86
<i>Increase in employer pensions</i>	Chancellors statement					£1,600
Total Employee Costs			£0	£1,236	£1,543	£3,152
Cost Pressures (£'000)						
<i>Recruitment costs</i>			£250	£250	£250	£250
<i>Price increases</i>				£123	£123	£123
<i>Financing the capital plan</i>				£500	£500	£500
Total Non Pay Bill Costs			£250	£873	£873	£873
Revenue Expenditure Funded from Capital Receipts			£0	£0	£0	£0
INCOME						
Section 31 Grants						
NNDR grant			£443	£443	£443	£443
Firelink			£423	£423	£423	£423
New dimensions			£972	£772	£572	£572
Other Service Income						
<i>(please specify)</i>			£1,051	£951	£900	£800
<i>(insert additional rows as appropriate)</i>						
Total Income			£2,889	£2,589	£2,338	£2,238
Budget Requirement			£84,151	£82,525	£85,232	£89,697
Financial Challenge Before Efficiencies			£3,973	£4,975	£7,986	£12,120

Price increases 1%

A general provision of 1% has also included for price increases although specific provisions have been made in key areas where it is known that prices will vary by more than 1% (e.g. insurance premiums, business rates and fuel costs).

New Commitments

1. Pension Contributions Government has announced that it intends to reduce the discount rate used to set employer pension contributions with effect from 2019/2020. Whilst the impact of this is not yet known it is likely to be between 3% and 5%. The cost of a 3% increase will be £1.6m and this has now been added to the MTFP from 2018/2019.

2. Apprentice levy With effect from 1 April 2017 the Authority will be required to pay an apprenticeship levy of 0.5% of its pay bill. The estimated cost of this levy will be £250k per annum which has been added to the MTFP.

In exchange for the payment of this levy the Authority will receive credits towards the cost of training apprentices.

3. Apprentice costs In addition to the levy the Authority will be required to employ 32 apprentices, the majority of whom will be in super-numeri posts. An amount of £0.3m has been added 2017/2018 rising to £0.6m the following year.

4. Actuarial Review of Pensions In addition to the change in discount rate both the green and grey book pension schemes are due an actuarial review with the result expected towards the end of the current financial year. It is likely that these will result in additional employer pension contributions. No provision is currently included within the MTFP.

5. Firefighter recruitment The Authority is planning to reintroduce whole-time firefighter recruitment in 2018 for the first time in nine years. It has been necessary to make provision of £0.25m in 2016/2017 to meet the recruitment and training costs.

(iii) Efficiency Savings Assumptions (£'000)		2015-16	2016-17	2017-18	2018-19	2019-20
<i>(please specify)</i>						
<i>Firefighter retirements</i>	<i>(cumulative impact)</i>		-£3,053	-£1,845	-£4,766	-£8,677
<i>support staff savings</i>			-£200			
<i>retained turn out fees</i>			-£400			
<i>Other efficiency savings</i>				-£300	-£400	-£500
<i>Equipment budgets</i>			-£320			
Forecast Net Position (surplus / deficit) after efficiency savings			£0	£2,830	£2,820	£2,943
(iv) Capital		2015-16	2016-17	2017-18	2018-19	2019-20
Estimated Capital Expenditure (£'000)						
Capital Expenditure			£11,873	£8,907	£3,748	£4,023
Capital Expenditure Financing						
Capital Receipts			£1,900	£600	£1,200	
Reserves						
Government grants & other contributions						
Direct Revenue Contributions						
Unsupported / Prudential Borrowing			£9,973	£8,307	£2,548	£4,023
(v) Estimated Financial Reserves Levels (£'000)		2015-16	2016-17	2017-18	2018-19	2019-20
General Fund Balance			£18,000	£15,170	£12,350	£9,407
Earmarked General Fund Reserves		£5,000				
Expected Use of Earmarked Reserves						

STRATEGY FOR USE OF BALANCES

Over the past five years the Authority has been able to build significant revenue balances through the early delivery of savings and underspending the revenue budget. Despite this demands on the Authority budget continue to exceed the forecast levels of income as shown in the table above.

The Authority has always taken a prudent approach to the use of revenue balances to fund the budget and only applied them when they can be replaced in subsequent years by long term sustainable savings. Whilst the table above shows that there will for the whole of the spending review period the fact that this is a reducing deficit means that the Authority is able to use balances whilst at the same time addressing the long term funding shortfall. In addition it is forecast that the Authority will be able to deliver a balanced budget in 2020/2021.

The Authority is planning to use around £10m of its revenue balances in the final three years of the spending review to support the revenue budget and fund the phased return of whole-time recruitment to maintain the required strength of 900 whole-time firefighters.

Clearly there remain risks in relying on balances to fund the budget in the short term, particularly in times of economic uncertainty; however, the Authority will maintain useable balances of £8m to meet any unforeseen expenditure.

EFFICIENCY SAVINGS

Over the next four years the Authority will lose a further 255 staff through retirements and will replace 80 through the re-introduction of recruitment, which means there will be a further reduction in establishment of 175 posts in order to bridge this gap. The table below identifies the timetable of changes planned to deliver these efficiencies over the next four years. *(Those shown in bold have already been approved by the Fire Authority the latest IRMP will be presented to the Fire Authority for consideration in December 2016).* Further details are included in the Budget Report can be found on the Authority's website by following this link: [Authority Budget Report 2016/2020](#) (page 69 to 90).

	2016/2017	2017/2018	2018/2019	2019/2020
Replace pump and aerial appliance with a combined aerial pumping appliance	-16.00			
Change in shift patterns at Rawdon	-10.00			
Opening new Osset Fire Station				
Removal 2nd pump Wakefield	-20.00			
New Fire station Shipley		24.00		
Closure Shipley \ Idle		-48.00		
New Fire station Meanwood			24.00	
Closure of Moortown and Cookridge			-48.00	
Removal of second pump at Hunslet				-20.00
<i>2016/2017 IRMP initiatives not yet approved</i>	<i>-32.00</i>			<i>-27.00</i>
	-78.00	-24.00	-24.00	-47.00
Financial savings				
<i>Firefighter retirements</i>				
<i>2016/2017</i>	-£3,053			
<i>Future years</i>		-£1,845	-£4,766	-£8,677
	-£3,053	-£1,845	-£4,766	-£8,677

Benefits and Risks

The proposals included in the IRMP programme are based on risk data which has been externally validated. This data is used to identify the optimum location for new fire stations and the impact on incident attendance times. In addition all the individual schemes included within the IRMP are subject to a full risk assessment which evaluates the impact on both service delivery and fire-fighter safety. Clearly because a number of the schemes depend upon the completion of major capital schemes there remains a financial risk linked to slippage and non-delivery of the schemes. The implementation of the IRMP is flexible so that schemes that do not involve major capital investment can be brought forward to offset any delays.

Collaboration

Safer communities

The development of a strategy to ensure Safer Communities is well underway, with several pilots being carried out to meet the needs of specific parts of the community and provide a wider range of services which all contribute to both making safer in general but more specifically from fire and other emergencies. Its aim is that all those who are the most vulnerable are identified and that appropriate interventions are made available either through our actions or that of partners in order to reduce the risk as far as is possible. We have been successful in establishing a wide range of education programmes that help and support young people whatever their challenges may be. To achieve our goals we work with a wide range of partners ranging through other Blue light services, through the Local Authority and Health sectors and into the third sector.

Further details are included in the Service Plan can be found on the Authority's website by following the link below.

[Service Plan 2015-2020](#)

Working with business

The Authority continues to respond to the needs of business and the demands placed upon them by fire safety regulation. The Primary Authority Scheme continues to grow and now encompasses both individual businesses and associations of business and remains at the cutting edge of this programme nationally. These schemes allow the provision of consistent assured advice. We have played a significant role in the development of the nationally adopted

short audit which helps to reduce the bureaucratic burden on business and have recently introduced nationally approved standard letters and paragraphs, again with the aim of making fire safety legislation both more consistent and proportionate. Overall our focus is now very much one of support, although where appropriate we still use our full range of enforcement options.

Other areas of collaborative work include :-

West Yorkshire Police

The Authority has always worked closely with West Yorkshire Police, for example when the Authority constructed new Fire Stations at Pontefract and Castleford purpose built rooms funded by the police were incorporated to allow joint use of the premises and closure of existing police premises.

District Councils

The Authorities district structure is based on the footprint of the 5 district councils to allow the district commander to develop a close working with both councillors and officers and includes representation on the safer communities committees. The Authority has recently agreed the secondment of an officer to work with Calderdale Council to work with their community safety and resilience team.

YAS

The Authority is currently taking part in the Emergency First Responder pilot with Yorkshire Ambulance at three of our retained fire stations. This provides both a key back up service for YAS whilst making the retained stations more financially sustainable.

Moving Forward

The emergency services in West Yorkshire have established a strategic collaboration group made up of the Chief Executives and Chairs of the Fire Authority, Police, PCC and Yorkshire Ambulance with the aim of delivering closer working and efficiencies.

In addition a joint Fire Police working group has already identified a number of key areas where savings can be delivered by closer working and collaboration these include :-

- Contract Management
- Occupational Health and Safety

- Community Safety/ Prevention
- Training and Development including driver training
- Press Office/ Media Liaison

Further work is being done in each of these areas including the development of a timescale for implementation.

Performance Management

The fire Authority has a fully embedded system of performance management which gathers data at station area level and is consolidated at district and fire authority level. Reports on all levels of performance are presented to the relevant committees of the Authority with financial performance reported to Finance and Resources Committee, Operational performance to Community Safety Committee and Employment data reported to the Human Resources Committee. In areas where performance is not within the required tolerance a detailed report is presented to the Authority's Audit Committee.

The detailed reports can be found on the Authority's website by following the link below.

[Performance Management](#)